

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 200820Z SEP 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 7012

C O N F I D E N T I A L ROME 12962

EXDIS

E.O. 11652: GDS

TAGS: PINT, PFOR, ELAB, OVIP (PRESIDENT LEONE), IT

SUBJECT: VIEWS OF FANFANI AND RUMOR ON POLITICAL AND ECONOMIC  
SITUATION

REF: ROME 12165

1. I TALKED ON SEPTEMBER 18 WITH PRIME MINISTER RUMOR AND ON SEPTEMBER

17 WITH DC PARTY SECRETARY FANFANI TO GET THEIR VIEWS ON THE CUR-  
RENT POLITICAL AND ECONOMIC SITUATION PRIOR TO MY RETURN TO WASHING-  
TON FOR THE VISIT OF PRESIDENT LEONE.

2. LEONE VISIT- FANFANI STRONGLY EXPRESSED THE HOPE THAT BOTH  
PRESIDENT FORD AND SECRETARY KISSINGER WOULD EMPHASIZE TO PRESI-  
DENT LEONE AND FOREIGN MINISTER MORO OUR STRONG STAND AGAINST COMM-  
MUNIST PARTICIPATION IN THE GOVERNMENT. THIS IS A MESSAGE WHICH  
FANFANI LIEUTENANTS ALSO HAVE PASSED TO EMBASSY OFFICERS IN RECENT  
DAYS. WHILE THERE IS EVERY INDICATION FANFANI HOPES TO USE THE  
"ANTI-HISTORIC COMPROMISE" ISSUE TO STRENGTHEN HIS OWN POSITION IN  
THE DC AND THE PARTY'S ELECTORAL SITUATION, I BELIEVE IT IS  
APPROPRIATE AND USEFUL (AS STATED REFTEL) FOR US TO REITERATE  
OUR VIEWS ON THIS MATTER ALONG THE LINES EXPRESSED TO LEONE  
AND RUMOR DURING THE SECRETARY'S JULY 5 VISIT.

3. COALITION PROSPECTS-BOTH RUMOR AND FANFANI TOLD ME  
THEY WOULD LIKE TO AVOID A FULL-BLOWN GOVERNMENT CRISIS THIS  
FALL. FANFANI FELT THAT THE GOVERNMENT MIGHT SURVIVE AWHILE  
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LONGER WITH ONLY A FEW CHANGES WHICH COULD BE HANDLED BY A

CABINET RESHUFFLE. HOWEVER, HE STATED THAT TO CARRY OUT THE PROGRAM HE WOULD LIKE, A NEW GOVERNMENT WOULD BE NECESSARY WITH AT LEAST 5 OR 6 NEW FACES, HOPEFULLY INCLUDING SOME MEN WITH TECHNICAL BACKGROUNDS. FANFANI BELIEVES THAT CONSIDERATION MUST BE GIVEN TO THE POSSIBILITY OF EARLY POLITICAL ELECTIONS IN THE EVENT THAT THE SOCIALISTS CAUSE TOO MUCH TROUBLE. HE IS UNSURE, HOWEVER, WHETHER THE DC WOULD BE READY FOR ELECTIONS WITHIN THE NEXT FEW MONTHS AND WHETHER THE CHURCH WOULD BE ABLE TO HELP. ONE POSSIBILITY HE SAID, WOULD BE TO POSTPONE THE SCHEDULED SPRING REGIONAL ELECTIONS AND HAVE AN EARLY POLITICAL ELECTION AT THAT TIME. I FOUND RUMOR PREDICTABLY MORE FEARFUL OF EARLY ELECTIONS THAN FANFANI. RUMOR IS NOT AT ALL SURE THAT THE DC WOULD BE READY TO PUT ON AN EFFECTIVE ELECTORAL CAMPAIGN IN THE NEAR TERM, ALTHOUGH HE SAID HE OCCASIONALLY USES THE THREAT OF EARLY ELECTIONS IN HIS BARGAINING WITH THE SOCIALISTS. (ACTUALLY, OF COURSE, THIS THREAT WOULD BE UNLIKELY TO CUT MUCH ICE WITH THE PSI AS MANY OF THEIR LEADERS FEEL THAT THEY WOULD FARE A GOOD DEAL BETTER THAN THE DC IN AN ELECTORAL TEST.) RUMOR MENTIONED THAT ALTHOUGH THE SOCIALISTS ARE SOMETIMES HARD TO WORK WITH HE HAS DEVELOPED A VERY GOOD RELATIONSHIP WITH MINISTER FOR SOUTHERN DEVELOPMENT MANCINI. HE EXPRESSED THE HOPE THAT MANCINI'S INFLUENCE IN THE PSI WILL INCREASE AS HE FEELS MANCINI CAN BE HELPFUL IN HOLDING THE COALITION TOGETHER AND IN CARRYING OUT THE GOVERNMENT'S ECONOMIC PROGRAM.

4. RELATIONS WITH PCI-BOTH FANFANI AND RUMOR EXPRESSED OPTIMISM THAT THE PCI CAN BE KEPT OUT OF THE GOVERNMENT AND THE COALITION. FANFANI SAID THAT THE OVERWHELMING MAJORITY OF DC LEADERS ARE AGAINST PCI PARTICIPATION. HE AND RUMOR AGREED THAT THE PSI LEADERSHIP IS AWARE THAT THEY WOULD BE FATEFULLY SQUEEZED IF THE DC AND PCI JOINED HANDS AND THEREFORE DO NOT FAVOR PCI GOVERNMENTAL PARTICIPATION.

5. ITALY'S ROLE IN NATO-I TOLD BOTH RUMOR AND FANFANI OF MY CONCERN ABOUT THE RECENT LEFT-WING CAMPAIGN TO INFLUENCE PUBLIC OPINION AGAINST NATO AND ESPECIALLY AGAINST ANY INCREASED NATO COMMITMENT BY ITALY. I TOLD THEM THAT IF THE CAMPAIGN WERE SUCCESSFUL IT COULD DAMAGE OUR EFFORTS TO KEEP THE ALLIANCE ALIVE AND VIGOROUS. IN PARTICULAR  
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ITALY'S DEFENSIVE ABILITY AND HER ABILITY TO COUNTER ANY THREAT FROM ACROSS THE ADRIATIC FOLLOWING TITO'S DEPARTURE FROM THE SCENE WOULD BE JEOPARDIZED. I TOLD THEM THAT MORE PEOPLE IN THEIR PARTY OUGHT TO SPEAK OUT ON THE ISSUE, AS THERE HAD SO FAR BEEN FEW EXPRESSIONS OF PUBLIC SUPPORT FOR NATO IN RESPONSE TO THE RECENT CAMPAIGN. RUMOR ARGUED THAT THE ANTI-NATO CAMPAIGN WAS HAVING LITTLE EFFECT AND THAT IT MIGHT BE "COUNTER"PRODUCTIVE" TO STIMULATE MORE DISCUSSION

ON THE SUBJECT. HOWEVER, HE AGREED THAT FUTURE OPPOSITION EFFORTS TO SMEAR NATO OR ITS PURPOSES WOULD BE COUNTERED. (MY IMPRESSION IS THAT THE DC LEADERS HAVE BEEN RETICENT IN SPEAKING OUT ON THE MATTER FOR FEAR OF PROVOKING ADDITIONAL POLEMICS WITH THE SOCIALISTS AND PCI. I BELIEVE THEY SHOULD BE PRODDED A BIT TO SET THE PUBLIC RECORD STRAIGHT ON THE VITAL INTEREST ITALY HAS IN ACTIVE PARTICIPATION IN THE ALIANCE.)

7. ECONOMIC AND LABOR SITUATION-BOTH RUMOR AND FANFANI EXPRESSED THE BELIEF THAT THE GOVERNMENT'S ECONOMIC STABILIZATION PROGRAM IS GOING QUITE WELL. THEY WERE BOTH CONCERNED, HOWEVER, ABOUT WHETHER OR NOT THE GOVERNMENT CAN RESIST LABOR UNION DEMANDS FOR MULTI-BILLION DOLLAR INCREASES IN WAGES AND PENSIONS. RUMOR SAID THAT UNFORTUNATELY THE CISL IS PRESSING EVEN HARDER THAN THE CGIL FOR THESE INCREASES. HE AND FANFANI WERE BOTH VERY CRITICAL OF CISL SECRETARY STORTI FOR THIS. HOWEVER, NEITHER BELIEVES THAT STORTI COULD EASILY BE REMOVED, ALTHOUGH FANFANI HAS CLEARLY BEEN TOYING WITH THE IDEA OF TRYING TO DO SO. RUMOR DID NOT FEEL THAT A SPLIT IN CISL IS LIKELY OR THAT THE NEW SPLINTER UNION COULD SUCCEED IF A BREAK WERE TO TAKE PLACE. VOLPE

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, POLITICAL STABILITY, CHIEF OF STATE VISITS, MEETINGS, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 SEP 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ROME12962  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740264-0697  
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**Image Path:**  
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**Legacy Key:** link1974/newtext/t19740927/aaaaawuw.tel  
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**Office:** ACTION SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** ROME 12165  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 MAY 2002 by shawdg>; APPROVED <10 MAR 2003 by cunninfx>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VIEWS OF FANFANI AND RUMOR ON POLITICAL AND ECONOMIC SITUATION  
**TAGS:** PINT, PFOR, ELAB, OVIP, IT, US, (KISSINGER, HENRY A), (LEONE, GIOVANNI)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005